Key Learnings: February Defensive Response Modeling

• Highest response rate of all programs

• Highly responsive audience redeemed at expected rate of 33%; this makes sense as $1 offer was the control.

• Test offer to Highly Responsive group did not meet expectations -- just over 50% of expected redeem rate. Perhaps loyal (responsive) consumers do not need as much monetary incentive as they will continue to redeem anyway.

• Control test to least responsive groups performed 3X higher than expected. This is interesting as you would think historical data would accurately estimate the control offer.

• Least responsive test offer of $1 off redeemed at over 2X estimated amount; similarly, $2 off test also performed beyond expectations with almost 3X redemption rate. It follows that traditionally less responsive groups would be motivated to buy with incentives. Some ideas moving forward:
    • Track these same quartiles again to see if:
        1. Must continue to give away the store to incite purchase
        2. Can start using lesser value coupons to same group and still get results
        3. Can introduce/measure switchover to continuity programs which induce more than 1X purchase.

• Higher responsive group data demonstrates that you do not have to give too rich and offer to loyal (responsive) groups. Perhaps these groups would be more interested in continuity programs as they are already predisposed to purchase without coupon incentives.